

Legislative Bulletin.....March 10, 2011

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Amendments to H.R. 830— FHA Refinance Program Termination Act

H.R. 830 (sponsored by Rep. Robert J. Dold, R-IL) is scheduled to be considered on the House Floor on Thursday, March 10, 2011, under a modified open rule ([H.Res. 150](#)) that waives all points of order against consideration of the bill. The rule provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The rule makes in order the amendment in the nature of a substitute recommended by the Committee on Financial Services as original text for purpose of amendment, and provides that each section shall be considered as read. Additionally, the rule also makes in order only those amendments that have been submitted for printing in the Congressional Record not later than March 9, 2011 or pro forma amendments for the purpose of debate. Finally, the rule provides that each amendment submitted for printing in the Congressional Record may be offered only by the Member who submitted it for printing or their designee, and that each such amendment shall be considered as read if printed. Below are the pre-filed amendments, listed in alphabetical order by the sponsors' last names in the Congressional Record through Wednesday, March 9, 2011.

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**AMENDMENTS PRE-PRINTED IN CONGRESSIONAL RECORD
ON WEDNESDAY MARCH 9, 2011**

1. **REP. DENNIS CARDOZA (D-CA)** is expected to offer an amendment (#1) to require the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) to carry out a one-year program providing for the refinancing of qualified single-family housing mortgages it owns or guarantees. Under the program, the mortgages would be subject to a single, fixed interest rate equivalent to the premium on the mortgage being refinanced, plus the cost of selling a newly-issued mortgage. The rate could be increased to the extent necessary to cover any fee paid to the servicer, the cost of any insurance coverage, and a portion of any administrative costs of the program.

The program would waive all fees and penalties related to the refinancing or defaults on the mortgages, and the mortgages would have a term of maturity of no more than 40

years from the date of the beginning of amortization. The fee for title insurance coverage issued in connection with the mortgage would have to be "reasonable in comparison" with coverage fees for similar mortgages. Fannie Mae and Freddie Mac could not require appraisals of the properties subject to refinancing mortgages.

2. **REP. TOM COLE (R-OK)** is expected to offer an amendment (#2) to provide that all unexpended balances rescinded and permanently canceled by the FHA Refinance Program's termination be retained in the General Fund of the Treasury for reducing the federal debt.
3. **REP. TED DEUTCH (D-FL)** may offer an amendment (#10) that requires the Housing and Urban Development (HUD) Department to include those 62 years of age or older as part of the bill's required study on the FHA Refinance Program's use by, and effects on, certain homeowners. (Under the bill, HUD would study the program's effects on active-duty members of the Armed Forces, parents or spouses of active-duty servicemembers, military veterans, and Gold Star recipients, and would report to Congress within 90 days of enactment on best practices regarding the homeowners.)
4. **REP. MICHAEL G. FITZPATRICK (R-PA)** may offer an amendment (#11) that requires any unexpended balances for the FHA Refinance Program that are rescinded and canceled under the bill to be retained in the general fund of the Treasury for reducing the debt of the federal government.
5. **REP. JOHN GARAMENDI (D-CA)** is expected to offer an amendment (#7) to direct the federal regulatory agencies for banking and financial institutions and for securities regulation to jointly issue regulations that require all new employees of any institution, company, or entity regulated by the agencies to sign a contract, upon hiring, stating that any bonus income would be paid in securities or obligations that the institutions or companies deal in or create in their regular course of business. The regulatory agencies also would issue regulations that require that any bonuses paid to be held in escrow for a period necessary to determine whether the securities or obligations are of substandard quality or could not be readily identified as an asset or a liability, that require escrow accounts to be portable so an employee could change jobs without hindrance, and that prohibit the use of any such bonuses to hedge against future losses.
6. **REP. RUSH D. HOLT (D-NJ)** is expected to offer an amendment (#8) to modify the real property standard tax deduction by extending it through 2014. (The deduction was effective for the 2008 and 2009 tax years under current law). The amendment includes an inflation adjustment for the real property tax deduction, beginning in 2012, that would be determined by a cost-of-living adjustment based on the calendar year 2010.
7. **REP. JAY INSLEE (D-WA)** may offer the following amendments:
 - a. An amendment (#12) that modifies the bill's required study by the Housing and Urban Development (HUD) Department on the FHA Refinance Program's use by, and effects on, certain homeowners to include a study on the need and appropriate guidelines for a replacement mortgage insurance program. The replacement program that would be studied would provide for loan modification that involves a "write-down" of the remaining principal balance on existing mortgages on one-to-four family residences under which the principal balance exceeds the residence's appraised value. The potential replacement program also

would have to serve the need of the homeowners covered by the study, which include active-duty servicemembers, parents or spouses of active-duty servicemembers, military veterans and Gold Star recipients. When HUD submits a report on the study to Congress within 90 days of enactment, as the bill requires, it would include a determination of the need for the replacement program, as well as the appropriate guidelines and standards for the program. HUD would be required to implement the program by issuing appropriate guidelines and standards within 90 days of the report's submission.

- b. An amendment (#13) that requires the Housing and Urban Development Department to conduct a study and submit a report to Congress within 90 days of enactment on the effects that authorizing bankruptcy courts to reduce debts secured by a mortgage as part of Chapter 13 proceedings would have on those who would have qualified for assistance under the FHA Refinance Program that the bill seeks to terminate.
 - c. An amendment (#14) that requires the U.S. attorney general to pursue, to the fullest extent of the law, the criminal prosecution of directors and officers of any financial institutions that are determined to have failed to comply with state laws relating to the foreclosure of mortgages on residential real property. The U.S. attorney general also would provide appropriate assistance to state attorneys general for such prosecutions. The amendment requires the U.S. attorney general to consult and coordinate with state attorneys general, the Treasury Department, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Housing and Urban Development Department, the Board of Governors of the Federal Reserve System, the Consumer Financial Protection Bureau and any other appropriate federal banking regulators.
8. **REP. STEPHEN F. LYNCH (D-MA)** is expected to offer an amendment (#3) to strike language in the bill terminating the Mortgage Letter 2010-23, which provided guidance for the FHA Refinance Program.
 9. **REP. CAROLYN B. MALONEY (D-NY)** may offer an amendment (#9) to add a findings sections to the bill. The findings in the amendment list the number of "underwater" mortgages in 43 states and the District of Columbia, note that the aggregate number of mortgages estimated to be underwater in those states is 10,780,236, and contend that "by voting to terminate the FHA Refinance Program under this Act without a suggested replacement, the Congress is voting to terminate a program that may have helped these underwater borrowers."
 10. **REP. ERIK PAULSEN (R-MN)** is expected to offer an amendment (#4) to include military servicemembers and veterans who have service-connected injuries, as well as survivors and dependents of such individuals, in a study on use of the FHA Refinance program.
 11. **REP. LORETTA SANCHEZ (D-CA)** may offer a substitute amendment (#15) that replaces the provisions of the bill with language that allows the Housing and Urban Development (HUD) Department to use unexpended balances allocated for the FHA Refinance Program to carry out a program to insure mortgages on one-to-four family residences in accordance with guidelines and standards issued by HUD. The substitute stipulates that the HUD guidelines and standards for the program would have to require

the following — the mortgage being refinanced would have to be on principal residence of the borrower; the annual family income of a participating borrower could not exceed \$180,000; an insured refinancing mortgage would have a term to maturity of 30 years; the refinancing mortgage would have to bear interest at a single rate of 4.0% annually for the entire term of the mortgage; and the borrower could not have failed to timely make any payments due under the mortgage being refinanced.

12. **REP. MAXINE WATERS (D-CA)** is expected to offer the following two amendments:

- a. An amendment (#5) to direct the Housing and Urban Development (HUD) Department, in consultation with the Treasury Department, to conduct a study on the negative impacts of underwater mortgage loans (i.e., mortgages with an appraised value that is less than the outstanding obligation on the loan) on the housing market and economy of the United States and to report on the findings. The report would include recommendations to Congress on how to mitigate such impacts.
- b. An amendment (#6) to direct HUD to publish on its website, no later than five days after the bill's enactment, the following statement: "The FHA Short Refinance Program, which would have provided borrowers who are current on their mortgage but owe more than their home is worth with the ability to refinance into an FHA loan with better terms, has been terminated. If you owe more on your mortgage than your home is worth, please contact your Member of Congress for assistance."

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